

# OVERVIEW OF IMPACT AID

Presentation to: Virginia Council on the Interstate  
Compact on Educational Opportunity  
for Military Children

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# Impact Aid Topics to be Discussed

1. Origin and how it differs from other federal education programs
2. Eligibility and funding categories
3. Federal appropriations
4. Best practices
5. Current issues

# IMPACT AID — The Federal Government's Obligation to Local Communities

- The Impact Aid law was enacted in 1950
- The legislation noted that “*without continued federal help, more than 1.8 million children in these federally impacted areas would not receive normal school services....*”
- ....Since the land is tax exempt, the federal government has not accepted “*the responsibility of the normal citizen in a community*” to meet its financial obligation to support public schools.....

# Federal Presence Impact on a Community Tax Base

Examples include:

- Federally owned property is not subject to local real estate property taxes
- Members of the armed forces that have their legal residence in another state may not pay personal property tax or pay vehicle registration fees (Servicemembers Civil Relief Act)
- Federal government does not pay business license tax
- Commissary sales are not subject to state sales tax
- Members of the armed forces who are not Virginia residents are not subject to Virginia income tax on their military pay

# Impact Aid is a Unique Program

- School districts receive funds directly from the U.S. Department of Education (ED) rather than through their states.
- Every dollar appropriated by Congress goes to eligible school districts.
- Impact aid becomes part of the school districts regular budget with NO restrictions placed on the use of the funds, except for children with disabilities payment.
- Impact aid is not forward-funded as all other education programs.

# Impact Aid is broken down into two programs

- **Section 8002 Federal Property** - A payment in lieu of taxes (PILT) to school districts that have lost taxable land due to federal acquisition.
- **Section 8003 Basic Support** - Basic Support to a school district to cover the cost of federally connected students.
- Federally connected students are dependent children of federal workers, military personnel, children residing in federally subsidized low-rent housing units (Not Section 8 Housing) and children residing on Indian Trust/Treaty land.

# Eligibility for Funding

## Section 8002 (federal property)

**Eligibility:** School district must lose 10% or more of its assessed value of taxable property to the federal government as a result of federal acquisition on or after January 1, 1939.

- Nationwide 242 districts applied in FY 2010
- FY 2011 Funding Level: \$67,208,000
- Final FY 2008 Payments to Virginia eligible districts

York County - \$2,203,480

Craig County - \$ 46,686

# Eligibility for Funding (continued)

## Section 8003 – Basic Support Payments for Federally Connected Children

- Nationwide - over 950,000 federally connected students enrolled in over 1,300 districts that enroll over 11.2 million students.
- In Virginia – over 117,000 federally connected children in 23 districts with a total enrollment of over 747,000 students (15.6% federal impaction).
- Virginia ranks in the top 10 states in the nation for impact aid



# Impact Aid Application Process

## Section 8002

- School districts must work with their County/City Assessor's office to identify the eligible federal properties and to apply the federal formula for determining the assessed value of eligible federal properties.
- Assessor must certify the assessments
- District completes and files application with the USDOE

# Impact Aid Application Process (continued)

## Section 8003

- District conducts the federal student survey
- District works with base housing office to complete source check if appropriate
- If Table 9 eligible (students displaced due to base housing renovations), district must work with base housing officials to certify the housing that is being renovated.
- District completes and files application with the USDOE.

# **Eight Categories of Eligible Students and Weighted Federal Student Unit**

Weights are based on the financial impact that a student category has on a district's loss of local revenue due to the non-taxpaying status of the Federal Government

<b><u>Category – Student whose parent is:</u></b>	<b><u>Assigned Weight</u></b>	<b><u>Virginia ADA</u></b>
1. Civilian living and working on Federal Property	1.00	247
2. Foreign military officer residing on-base	1.00	17
3. U.S. Military personnel residing on-base	1.00	9,535
4. Resides on Indian Trust/Treaty Land	1.25	0

## **Eight Categories of Eligible Students and Weighted Federal Student Unit (continued)**

<b><u>Category – Student whose parent is:</u></b>	<b><u>Assigned Weight</u></b>	<b><u>Virginia ADA</u></b>
5. Foreign military officer residing off-base	.20	578
6. U.S. Military personnel residing off-base	.20	48,987
7. Residing in a Low-Rent Housing Project	.10	10,128
8. Civilian living OR working on Federal Property	.05*	38,030

\*A school district must enroll 1,000 or the number of student's make-up 10% of the school districts total enrollment in order to qualify for payment

# Calculation of Maximum Payments

Payments are calculated by taking a school district's total number of student weights

x

Their Local Contribution Rate

For Example:

	<u>Total # of Weighted Units</u>		<u>LCR</u>		<u>Maximum Payment</u>
York County	1,807.80	x	\$5,797.84	=	\$ 10,481,335
Virginia Total	22,626.27	x	\$5,797.84	=	\$ 131,183,493
National Total					\$1,974,537,206

# Calculation of Actual Payments

Amount Appropriated by Congress in FY 2011: \$1,138,000,000

Only funds 58% of the total Maximum Payment of \$1,974,537,206

**Districts payments are prioritized based on:**

Percentage of Federal Students

+

Percentage that their Maximum Payment is of their Total Current  
Expenditures

# Calculation of Actual Payments (continued)

## Example:

	<u>Percentage of</u> <u>Federal Students</u>	<u>Percentage of</u> <u>Budget</u>		<u>LOT</u>
York County	40.60%	9.74	=	<u>50.34%</u>

York County's Payment will be set at 50.34% of \$10,481,335 =  
\$5,276,304

Final Payment will either be up or down depending on dollars available  
to allocate

# Impact Aid Disability Payments

- Disability Payments are additional (supplemental) to the regular Basic Support Payment
- Payments are based on Assigned weights:
  - Military on-base and Indian Land IDEA eligible are weighted at 1.0
  - Military off-base are weighted at .50

Estimated Payment per Disability Unit: \$1,139.27

Total Virginia Disability Units: 3,837.14

- This program is woefully underfunded. Cost of providing educational services for a student with a disability can exceed \$75,000.



# Best Practices for School Districts Applying for Impact Aid

## Survey:

- Pre-fill information on survey form so that parents only need to verify information, sign and return the form
- When possible use a Source Check for students living on federal bases

# Best Practices for School Districts

## Applying for Impact Aid (continued)

### Coordination efforts:

- Work closely with your Base Housing officials regarding source checks and completing Table 9 for students displaced due to renovations
- Work closely with your military liaison and family groups – excellent source of information for quality of life issues related to military students and families
- Work closely with your Base Commander and other military officials on the impact of base realignments that will impact your school division or region.

# Current Issues in Impact Aid

## Reauthorization

- Title VIII of ESEA (No Child Left Behind Act) needs to be reauthorized
- Congress has been working on reauthorization for the past 3 years
- Problem: Lack of consensus on No Child Left Behind provisions
- Impact Aid Community introduced a free standing reauthorization bill: H.R. 1342

# **Current Issues in Impact Aid (continued)**

## **Lack of Dollars (Appropriations Shortfall)**

- Program has been froze at FY 2010 level for FY 2011
- Administrations Budget Proposal for FY 2012 would continue the freeze

## **Impact of the Freeze**

Virginia Impact: Estimate a loss of 4-5 percent in total Basic Support Dollars

# For More Information

Contact:

National Association of Federally Impacted Schools

(202) 624-5455

Website: [www.nafisdc.org](http://www.nafisdc.org)